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Comment on Isabella Linder and Marlies Stubits: "A Constitutional Treaty for an Enlarged Europe: Are there Fundamental Changes for EMU?"

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In this presentation I will try to briefly outline the complex set up of institutions of the Constitutional Treaty. In the Constitution the intergovernmental method has clearly prevailed and even gained importance.

The Constitution has modified the provisions of the European Council and has enhanced its role in many ways. One example would be the introduction of a so-called European Council President, which will be elected for a term of two and a half years.

With regard to the ECB/ESCB system, I would like to point out that the ECB is placed under the heading *The other institutions and advisory bodies* of the Constitution and the *Eurosystem* is now formally mentioned and defined. Part I of the text establishes price stability as a major objective of the Union. Interestingly, the draft Constitution of the Convention did not name price stability as one of the Union's objectives. This seems to be a good example of the lobbying power of the ECB/ESCB. During the Intergovernmental Conference it succeeded in integrating price stability in the final text of the Constitution not only as an objective of the ESCB, but for the Union as a whole. An article in the ECB's Bulletin of August 2004¹ describes the ESCB's role in the Intergovernmental Conference. Apart from the independence of the ESCB, which prevails, it is also interesting to note that it should coordinate the monetary policy not only of the *ins*, but also of the *pre-ins*.

The formal recognition of the Eurogroup adds an additional element to the system of economic policy coordination. The fact that the Eurogroup will also have specific competences could lead to a stronger role of the Eurogroup vis-à-vis the ECB and to potential conflicts with the Ecofin-Council. The President of the

¹ ECB Bulletin (2004), The European Constitution and the ECB, August, pp. 51-64.

Eurogroup is already elected before the Constitutional Treaty enters into force, but lacks a legal basis. From January 1 the Prime Minister of Luxembourg Juncker will, together with his Vice-president the Austrian Minister of Finance Grasser, preside over the Eurogroup for a term of two years.

Compared to accountability procedures for central banks in the USA and the UK the Constitution does not emphasize the accountability of the ECB to a sufficient extent. Article 383 of part III of the Constitution merely states that the ECB President presents the Annual Report to the European Parliament.

The European Commission had many ambitions during the Constitutional process, but, in the end, its position was not substantially strengthened. It is still the European Council that de facto elects the President of the European Commission. A candidate is proposed by the European Council to the European Parliament which confirms or rejects the candidate. If rejected the European Council decides on a new candidate and the procedure is repeated. In EMU the position of the Commission practically has not changed.

With the elected President of the European Council, the President of the Eurogroup and the double headed foreign minister, the number of players representing the EU on an international level has increased and coordination will be challenging.

The central element of economic policy coordination remains the Economic and Financial Committee. It is a highly influential expert-committee that brings together the representatives from Member States, the ECB and the European Commission and prepares the meetings of the Ecofin-Council and the Eurogroup.

A substantial part of the literature stresses the very small gains in policy-coordination. Maybe the complex and cumbersome coordination-processes in EMU may even outweigh these gains.